Educational qualifications prescribed.

252. The following educational qualifications are prescribed for the purposes of section 515(3)(*a*)(*vi*):—

(*1*) A degree in Commerce or Law, conferred by any University in India established by law currently in force, or a deemed university, or an institution with the authority to confer degrees under the University Grants Commission Act, 1956 (3 of 1956).

(*2*) A degree in Commerce or Law, conferred by any foreign university or educational institution, which is recognised as equivalent to a degree conferred by an Indian University, as determined by the Association of Indian Universities (AIU).

Nature of business relationship.

253. For the purposes of section 515(3)(*b*)(*ii*)(*H*), the term "business relationship" shall be construed as any transaction entered into for a commercial purpose, other than —

(*A*) commercial transactions which are in the nature of professional services permitted to be provided by an auditor or audit firm under the Act and the Chartered Accountants Act, 1949 (38 of 1949) and the rules or regulations made under the said Acts; and

(*B*) commercial transactions that are conducted in the normal course of business of the company at a fair market price, such as the sale of products or services to the auditor as a customer in the regular operation of business, by companies involved in telecommunications, airlines, hospitals, hotels, and other similar industries.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Appearance by Authorised Representative in certain cases.

254. For the purposes of section 515(3)(*a*)(*ix*), any other person, in respect of a company or a limited liability partnership, shall be the person appointed by the Adjudicating Authority for discharging the duties and functions of an interim resolution professional, a resolution professional, or a liquidator, as the case may be, under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) and the rules and regulations made thereunder.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Register of income-tax practitioners.

255. Every specified authority shall maintain a register, of authorized income-tax practitioners to whom certificates of registration have been issued by him under rule 257, in such form and in such manner as may be specified by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, with the prior approval of the Board.

Application for registration.

256. (1) Any person, who wishes to have his name entered as an authorised income-tax practitioner in the register, shall apply to the Chief Commissioner of Income-tax or Commissioner of Income-tax within whose area of jurisdiction he has been practising.

(2) The application shall be made in Form No. 171 and shall be accompanied by documentary evidence regarding his eligibility for income-tax practice under section 515(3)(*a*)(*v*) or (*vi*) or (*vii*) or (*viii*).

(3) The applicant shall also furnish such further information as the Chief Commissioner of Income-tax or Commissioner of Income-tax may require in connection with the disposal of the application.

(4) Where a person is already registered as income-tax practitioner under the Income-tax Act, 1961 (43 of 1961) (as it existed prior to its repeal) holding a valid certificate of registration as on 31st March, 2026 he shall continue to be a registered income-tax practitioner under section 515, but he shall be required to update his details by filing application referred in sub-rule (1) by the 30th September, 2026, and in such a case, upon filing such application, the registration shall be granted by the concerned authority under section 515, if the application is complete in all respects.

Certificate of registration.

257. If the specified authority is satisfied that the applicant fulfils the requirements of section 515(3)(*a*)(*v*) or (*vi*) or (*vii*) or (*viii*) and has been practicing before income-tax authorities for not less than one year on the date of the application, the specified authority shall enter the name of the applicant in the register, in such form and manner as may be specified by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, with the prior approval of the Board and issue him a certificate of registration.

Cancellation of certificate.

258. (1) A certificate of registration shall stand cancelled when the name of the holder of the certificate is removed from the register under these rules.

(2) When the name of the holder of the certificate is removed from the register, the Chief Commissioner of Income-tax or Commissioner of Income-tax maintaining the register shall notify the fact of such removal to the authorised income-tax practitioner concerned and also to other Chief Commissioners of Income-tax or Commissioners of Income-tax (who shall notify the fact of the removal to the income-tax authorities subordinate to them) and to the Appellate Tribunal.

Cancellation of certificate obtained by misrepresentation.

259. (1) If at any time the specified authority is satisfied that the certificate of registration was obtained through misrepresentation as to an essential fact, he shall order the removal of the name of the income-tax practitioner from the register.

(2) An order under sub-rule (1) shall not be passed unless the authorised income-tax practitioner has been given a reasonable opportunity of being heard regarding in the proposed removal.

Removal of name of authorised income-tax practitioner who is insolvent or on whom penalty has been imposed.

260. The name of a person, which has been entered in the register,-

(*a*) shall be removed from the register during the period for which he is disqualified to represent an assessee in the circumstances as referred to in section 515(4)(*b*) or (*c*); and

(*b*) shall be re-entered only after the completion of the period.

Prescribed authority to order an inquiry.

261. An order disqualifying an authorised income-tax practitioner from representing an assessee under section 515(5)(*b*) shall be passed only after an inquiry, held as far as may be, in accordance with rules 262 to 267.

Charge-sheet.

262. (1) Where the prescribed authority, on the basis of information in its possession, is of the opinion that *prima facie* an authorised income-tax practitioner is guilty of misconduct in connection with any income-tax proceedings, it shall frame definite charges against the income-tax practitioner and shall communicate them in writing to him, together with a statement of the allegations in support of the charges.

(2) The authorised income-tax practitioner shall be required to submit within such time as may be specified by the prescribed authority, a written statement of his defence and also to state whether he desires to be heard in person.

Inquiry Officer.

263. The prescribed authority shall, unless it proposes to conduct the inquiry itself, appoint an Inquiry Officer, not below the rank of an Assistant Commissioner of Income-tax, to conduct the inquiry and shall inform the authorised income-tax practitioner of the appointment of such an Inquiry Officer.

Proceedings before Inquiry Officer.

264. (1) On receipt of the written statement of defence, or if no such statement is received within the time specified, the Inquiry Officer shall inquire into such of the charges as are not admitted.

(2) The Inquiry Officer shall, in the course of the inquiry, consider such documentary evidence and take such oral evidence as may be relevant or material in regard to the charges.

(3) The authorised income-tax practitioner shall be entitled to cross-examine witnesses examined in support of the charges and to give evidence in person.

(4) If the Inquiry Officer declines to examine any witness on the ground that his evidence is not relevant or material, he shall record his reasons in writing.

(5) At the conclusion of the inquiry, the Inquiry Officer shall prepare a report of the inquiry, recording his findings on each of the charges together with the reasons therefor.

Order of the prescribed authority.

265. (1) The prescribed authority shall consider the report of the Inquiry Officer and record its findings on each charge and, where it does not agree with the findings of the Inquiry Officer, shall record the reasons for its disagreement.

(2) If the prescribed authority is satisfied on the basis of its findings on the report of the Inquiry Officer that the authorised income-tax practitioner is guilty of misconduct in connection with any income-tax proceedings, it shall pass an order directing that the authorised income-tax practitioner shall be disqualified to represent an assessee under section 515(1) for such period as it may determine and his name shall be removed from the register for that period.

(3) The prescribed authority shall, while communicating its order under sub-rule (2) furnish to the authorised income-tax practitioner, a copy of the report of the Inquiry Officer and a statement of its findings together with the reasons for disagreement, if any, with the findings of the Inquiry Officer.

Procedure if no Inquiry Officer appointed.

266. The procedure prescribed in rules 264 and 265 shall also apply, to the extent possible, to the prescribed authority, if it itself conducts the inquiry without appointing an Inquiry Officer.

सत्यमेव जयते
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INCOME TAX DEPARTMENT

Change of Inquiry Officer.

267. If it becomes necessary to change the Inquiry Officer during an inquiry, the prescribed authority may appoint another Inquiry Officer not below the rank of an Assistant Commissioner of Income-tax and the proceedings shall continue with the new Inquiry Officer from the point where they were left by his predecessor.

Powers of prescribed authority and Inquiry Officer.

268. For the purposes of any proceedings under rules 261 to 267, the prescribed authority and the Inquiry Officer shall have the same powers as are vested in a Court under the Code of Civil Procedure, 1908 (5 of 1908), when trying a suit in respect of the following matters: —

(*a*) discovery and inspection;
(*b*) enforcing the attendance of any person including any officer of a banking company and examining him on oath;
(*c*) compelling the production of books of account and other documents; and
(*d*) issuing commissions.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Procedure to be followed in calculating interest under section 533(2)(*u*).

269. In calculating the interest payable by the assessee or the interest payable by the Central Government to the assessee under any provision of the Act,—

(*a*) where interest is to be calculated on annual basis, the period for which such interest is to be calculated shall be rounded off to a whole month or months and for this purpose any fraction of a month shall be ignored; and the period so rounded off shall be deemed to be the period in respect of which the interest is to be calculated;

(*b*) where the interest is to be calculated for every month or part of a month comprised in a period, any fraction of a month shall be deemed to be a full month and the interest shall be so calculated; and

(*c*) the amount of tax, penalty or other sum, in respect of which such interest is to be calculated, shall be rounded off to the nearest multiple of Rs. 100 and for this purpose any fraction of Rs. 100 shall be ignored and the amount so rounded off shall be deemed to be the amount in respect of which the interest is to be calculated.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Determination of income, being partly from agricultural and partly from business.

270. (1) In terms of section 533(2)(*b*)(*i*), in case of income, which is partially agricultural income and partially from business, the market value of any agricultural produce which has been raised by the assessee, or received by him as rent in kind, shall be allowed as a deduction, where —

(*a*) such agricultural produce has been utilised as a raw material in such business; or
(*b*) sale receipts of such agricultural produce are included in the accounts of the business.

(2) No further deduction shall be made in respect of any expenditure incurred by the assessee as a cultivator or receiver of rent-in-kind.

(3) For the purposes of sub-rule (1) "market value" shall be deemed to be, —

(*a*) where agricultural produce is ordinarily sold in the market in its raw state, or after application to it of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render it fit to be taken to market, the value calculated according to the average price at which it has been so sold during the relevant tax year; and
(*b*) where agricultural produce is not ordinarily sold in the market in its raw state or after application to it of any process referred to in clause (*a*), the aggregate of —
  (*i*) the expenses of cultivation;
  (*ii*) the land revenue or rent paid for the area in which it was grown; and
  (*iii*) such amount as the Assessing Officer finds, having regard to all the circumstances in each case, to represent a reasonable profit.

Income from manufacture of rubber, coffee and tea.

271. (1) In terms of section 533(2)(*b*)(*i*), incomes specified in column B of the following Table, shall be computed as if it were incomes derived from business and the percentage of such incomes specified in column C thereof shall be deemed to be the income liable to tax:

TABLE

Sl. No.	*Nature of income*	*Percentage*
A	*B*	*C*
1.	Income derived from the sale of centrifuged latex or cenex or latex-based crepes (such as pale latex crepe) or brown crepes (such as estate brown crepe, remilled crepe, smoked blanket crepe or flat bark crepe) or technically specified block rubbers manufactured or processed from field latex or coagulum obtained from rubber plants grown by the seller in India	35%
2.	Income derived from the sale of coffee grown and cured by the seller in India	25%
3.	Income derived from the sale of coffee grown, cured, roasted, and grounded by the seller in India with or without mixing chicory or other flavouring ingredients	40%
4.	Income derived from the sale of tea grown and manufactured by the seller in India	40%

(2) In computing the income specified in sub-rule (1), an allowance shall be made in respect of the cost of planting rubber plants, coffee plants and tea bushes, as the case may be, in replacement of plants or bushes that have died or become permanently useless in an area already planted, if such area has not previously been abandoned.

(3) For the purposes of determining such cost referred to in sub-rule (2), no deduction shall be made in respect of the amount of any subsidy, which, under the provisions mentioned in Schedule III [Table: Sl. No. 21] to the Act is not includible in the total income.

(4) For the purposes this rule, the expression "curing" shall have the same meaning as assigned to it in section 3(*d*) of the Coffee Act, 1942 (7 of 1942).